



MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
7150 Harris Drive, P.O. Box 30005, Lansing, MI 48909-7505

NOTICE: PARTICIPATING AGREEMENTS

TO:

Participating agreements for applicants are covered under Michigan Administrative Code (MAC), Rule 436.1117 Retail Licensing Agreements. Once licensed, licenses are governed by MAC Rule 436.1041. Obtaining a license for Use or Benefit of Another.

The rules allow participating agreements if they are for 10% or less of the **gross** sales of the licensed business. If the agreement provides that more than 10% of the **gross** sales of the licensed business will be received as compensation, then **the Commission can approve the agreement after a showing of good cause by the applicant.** In determining the amount of compensation the Commission will consider salaries, fees, and any incentive payments.

As a convenience, any management agreement may be submitted to the Commission for review of possible rule violation. The agreement should include:

1. Duration of the agreement
2. The amount of compensation
3. That the licensee will be responsible for the conduct of the operation of the licensed establishment and the actions of the manager or management company in the conduct of the licensed business just as they are responsible for the actions of all other employees.
4. There shall be no transfer of the responsibilities or liabilities of the licensee insofar as utility bills, rental or lease agreements, and other necessary license and tax requirements incidental to the operation of the business.

If you have questions, contact the MLCC Licensing Division at 517-322-1400.